

Message Text

UNCLASSIFIED

PAGE 01 QUITO 03475 262212Z
ACTION ARA-10

INFO OCT-01 ISO-00 EB-07 /018 W
-----271236Z 065917 /50

R 262132Z MAY 77
FM AMEMBASSY QUITO
TO USDOC WASHDC
INFO SECSTATE WASHDC 4475
AMCONSUL GUAYAQUIL

UNCLAS QUITO 3475

E.O. 11652: N/A
TAGS: BENC, EC
SUBJECT: MAJOR PROJECT UPDATE - ECUASIDER INTEGRATED STEEL
FACILITY

1. IN RECENT DISCUSSIONS WITH ECUASIDER OFFICIALS, COMATT
LEARNED THE FOLLOWING CONCERNING SUBJECT PROJECT:
2. ECUASIDER SIGNED A CONTRACT IN MARCH WITH KORF INDUSTRIES
AG OF WEST GERMANY TO DO A DETAILED FEASIBILITY STUDY OF
A STEEL FACILITY BASED ON THE MIDREX DIRECT REDUCTION
PROCESS. ECUASIDER ALSO SIGNED A LETTER OF INTENT WITH
KORF FOR EVENTUAL USE OF THE MIDREX PROCESS IN THE DIRECT
REDUCTION PLANT. FEASIBILITY STUDY IS TO BE COMPLETED BY
END OF YEAR.
3. THE WEST GERMAN INDUSTRIAL FINANCE AGENCY (DEG) WILL
TAKE AN EQUITY POSITION OF ABOUT 30 PCT IN ECUASIDER,
INDEPENDENTLY OF KORF. THIS APPEARS TO BE ONE RESULT OF THE
HIGH-LEVEL ECUADOREAN INDUSTRIAL DEVELOPMENT MISSION TO
WEST GERMANY SEVERAL MONTHS AGO.
4. ACCORDING TO ECUASIDER, KORF WAS NOT SIGNED AS
GENERAL CONTRACTOR FOR ENTIRE STEEL FACILITY. AN
INDEPENDENT CONSULTING FIRM WILL REVIEW THE KORF
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FEASIBILITY STUDY, AND ECUASIDER IS FREE TO CHOOSE ANY
COMPETENT FIRMS TO DESIGN AND CONSTRUCT EACH OF THE
FOLLOWING PACKAGES: THE MIDREX DIRECT REDUCTION PLANT,
THE MELT PLANT, THE CONTINUOUS CASTING FACILITY AND THE
ROLLING MISS.

5. THERE IS A POSSIBILITY THAT THE DIRECT REDUCTION

PROCESS MIGHT EVENTUALLY PROVE UNECONOMIC OWING TO AN
UNEXPECTEDLY HIGH PRICE THAT MAY BE CHARGED ECUASIDER
FOR THE NATURAL GAS TO BE TAPPED FROM THE GULF OF
GUAYAQUIL DEPOSITS. IN THIS CASE ECUASIDER WOULD LIKELY
CHOOSE THE SOLID REDUCTION PROCESS USING WOOD CHARCOAL.
A BRAZILIAN FIRM IS CURRENTLY DOING A PRE-FEASIBILITY
STUDY OF THIS PROCESS FOR ECUASIDER.
BLOOMFIELD

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Sent Date: 26-May-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770190-0117
Format: TEL
From: QUITO
Handling Restrictions: n/a
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Legacy Key: link1977/newtext/t19770514/aaaaalvg.tel
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Original Classification: UNCLASSIFIED
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Review Release Date: n/a
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Subject: MAJOR PROJECT UPDATE - ECUASIDER INTEGRATED STEEL FACILITY
TAGS: BENC, EC
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